

ANNUAL REPORT

# FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2021



FRANKLIN  
TEMPLETON



# Franklin Templeton Variable Insurance Products Trust Annual Report

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\*Not part of the annual report. Retain for your records.

<b>Not FDIC Insured</b>	<b>May Lose Value</b>	<b>No Bank Guarantee</b>
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## Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

**SUPPLEMENT DATED FEBRUARY 4, 2022  
TO THE STATEMENT OF ADDITIONAL INFORMATION  
DATED MAY 1, 2021 FOR  
FRANKLIN ALLOCATION VIP FUND  
FRANKLIN DYNATECH VIP FUND  
FRANKLIN GLOBAL REAL ESTATE VIP FUND  
FRANKLIN GROWTH AND INCOME VIP FUND  
FRANKLIN INCOME VIP FUND  
FRANKLIN LARGE CAP GROWTH VIP FUND  
FRANKLIN MUTUAL GLOBAL DISCOVERY VIP FUND  
FRANKLIN MUTUAL SHARES VIP FUND  
FRANKLIN RISING DIVIDENDS VIP FUND  
FRANKLIN SMALL CAP VALUE VIP FUND  
FRANKLIN SMALL-MID CAP GROWTH VIP FUND  
FRANKLIN STRATEGIC INCOME VIP FUND  
FRANKLIN U.S. GOVERNMENT SECURITIES VIP FUND  
FRANKLIN VOLSMART ALLOCATION VIP FUND  
TEMPLETON DEVELOPING MARKETS VIP FUND  
TEMPLETON FOREIGN VIP FUND  
TEMPLETON GLOBAL BOND VIP FUND  
TEMPLETON GROWTH VIP FUND**

(each, a series of Franklin Templeton Variable Insurance Products Trust)

The statement of additional information (SAI) of each Fund is amended as follows:

I. For all Funds, the name “Franklin Templeton Distributors, Inc.” is replaced throughout the SAI with “Franklin Distributors, LLC.”

II. For Franklin Allocation VIP Fund, Templeton Developing Markets VIP Fund and Templeton Foreign VIP Fund, the following bullet is added to the list of securities in which each Fund may invest under “The Funds – Goals, Additional Strategies and Risks:”

- Chinese securities including Chinese variable interest entities

III. The following is added to the “Goals, Strategies and Risks – Glossary of Investments, Techniques, Strategies and Their Risks – Foreign securities:”

*China companies.* Investing in China, Hong Kong and Taiwan involves a high degree of risk and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) greater social, economic and political uncertainty (including the risk of war); (c) dependency on exports and the corresponding importance of international trade; (d) the increasing competition from Asia’s other low-cost emerging economies; (e) greater price volatility and significantly smaller market capitalization of securities markets, particularly in China; (f) substantially less liquidity, particularly of certain share classes of Chinese securities; (g) currency exchange rate fluctuations and the lack of available currency hedging instruments; (h) higher rates of inflation; (i) controls on foreign investment and limitations on repatriation of invested capital and on the Fund’s ability to exchange local currencies for U.S. dollars; (j) greater governmental involvement in and control over the economy; (k) the risk that the Chinese government may decide not to continue to support the economic reform programs implemented since 1978 and could return to the prior, completely centrally planned, economy; (l) the fact that China companies, particularly those located in China, may be smaller, less seasoned and newly-organized companies; (m) the difference in, or lack of, auditing and financial reporting standards which may result in unavailability of material information about issuers, particularly in China; (n) the fact that statistical information regarding the economy of China may be inaccurate or not comparable to statistical information regarding

the U.S. or other economies; (o) the less extensive, and still developing, regulation of the securities markets, business entities and commercial transactions; (p) the fact that the settlement period of securities transactions in foreign markets may be longer; (q) the willingness and ability of the Chinese government to support the Chinese and Hong Kong economies and markets is uncertain; (r) the risk that it may be more difficult, or impossible, to obtain and/or enforce a judgment than in other countries and that there may be significant obstacles to obtaining information necessary for investigations into or litigation against Chinese companies; and (s) the rapidity and erratic nature of growth, particularly in China, resulting in inefficiencies and dislocations; and (t) the risk that because of the degree of interconnectivity between the economies and financial markets of China, Hong Kong and Taiwan, any sizable reduction in the demand for goods from China, or an economic downturn in China, could negatively affect the economies and financial markets of Hong Kong and Taiwan, as well.

The Public Company Accounting Oversight Board (PCAOB) has warned that positions taken by Chinese authorities impair the PCAOB's ability to conduct inspections and investigations of the audits of public companies with China-based operations. The PCAOB's impaired ability to oversee PCAOB-registered audit firms in China may result in inaccurate or incomplete financial records of an issuer's operations within China, which may negatively impact the Fund's investments in such companies.

Investment in China, Hong Kong and Taiwan is subject to certain political risks. Following the establishment of the People's Republic of China by the Communist Party in 1949, the Chinese government renounced various debt obligations incurred by China's predecessor governments, which obligations remain in default, and expropriated assets without compensation. There can be no assurance that the Chinese government will not take similar action in the future. An investment in the Fund involves risk of a total loss. The political reunification of China and Taiwan is a highly problematic issue and is unlikely to be settled in the near future. This situation poses a threat to Taiwan's economy and could negatively affect its stock market.

The equity securities of China companies the Fund may invest in include securities issued by Hong Kong and Taiwan domiciled companies, as well as China H shares (shares of China-incorporated, Hong Kong-listed companies), Shanghai and Shenzhen-listed B shares (shares of China-incorporated companies that are traded in foreign currencies - U.S. Dollar for the Shanghai Stock Exchange and Hong Kong dollar for the Shenzhen Stock Exchange), and China "red chip" shares (shares of companies based in Mainland China that are incorporated outside China and listed in Hong Kong). The Fund may also invest in eligible China A shares (shares of publicly traded companies based in Mainland China) listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai – Hong Kong Stock Connect program, as well as eligible China A shares listed and traded on the Shenzhen Stock Exchange ("SZSE") through the Shenzhen – Hong Kong Stock Connect program (both programs collectively referred to as "Stock Connect"). The Fund may also invest in China A shares through any other means permitted by applicable law or regulation.

*Chinese variable interest entities.* In China, equity ownership of companies by foreign individuals and entities is restricted or prohibited in certain sectors, such as internet, media, education and telecommunications. To circumvent these limits, starting in the early 2000s many Chinese companies, including most of the well-known Chinese Internet companies, have used a special structure known as a variable interest entity (VIE) to raise capital from foreign investors. In a typical VIE structure, a shell company is set up in an offshore jurisdiction, such as the Cayman Islands. The shell company, through a wholly foreign-owned enterprise (WFOE) based in China, enters into service and other contracts with another Chinese company known as the VIE. The VIE must be owned by Chinese nationals (and/or other Chinese companies), which often are the VIE's founders, in order to obtain the licenses and/or assets required to operate in the restricted or prohibited industry in China. The contractual arrangements entered into between the WFOE and VIE (which often include powers of attorney, loan and equity pledge agreements, call option agreements and exclusive services or business cooperation agreements) are designed to allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership.

The contractual arrangements are structured to require the shell company to consolidate the VIE into its financial statements, pursuant to U.S. generally accepted accounting principles, despite the absence of equity ownership. Such consolidation provides the shell company with the ability to issue shares on a foreign exchange, such as the New York

Stock Exchange or NASDAQ, often with the same name as the VIE. Accordingly, foreign investors, such as the Fund, will only own stock in the shell company rather than directly in the VIE. Further, the ability of the WFOE to easily extract profits from the VIE structure through service agreements will partially depend on the proportion of the business that can legally be conducted by the WFOE versus the VIE, which varies based on the industry.

While VIEs are a longstanding industry practice that is well known to Chinese officials and regulators, historically they have not been formally recognized under Chinese law. In late December 2021, the China Securities Regulatory Commission (CSRC) released draft rules that would permit the use of VIE structures, provided they abide by Chinese laws and register with the CSRC. The new draft rules, however, may cause Chinese companies to undergo greater scrutiny and may make the process to create VIEs more difficult and costly. Guidance or further rulemaking prohibiting or restricting these structures by the Chinese government, generally or with respect to specific industries, would likely cause impacted VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect the Fund's returns and net asset value. The future of the VIE structure generally and with respect to certain industries remains uncertain.

Further, if a Chinese court or arbitration body chose not to enforce the contracts, the value of the shell company would significantly decline, since it derives its value from the ability to consolidate the VIE into its financials pursuant to such contracts, and in turn, adversely affect the Fund's returns and net asset value. The contractual arrangements with the VIE may not be as effective in providing operational control as direct equity ownership. The Chinese equity owner(s) of the VIE could decide to breach the contractual arrangement and may have conflicting interests and fiduciary duties as compared to investors in the shell company. Accordingly, VIEs depend heavily on executives who are Chinese nationals and own the underlying business licenses and/or assets required to operate in China. In addition to creating "key person" succession risk, the structure can restrict the ability of outside shareholders to challenge executives for poor decision-making, weak management, or equity-eroding actions. Any breach or dispute under these contracts will likely fall under Chinese jurisdiction and law.

IV. For all Funds, the following replaces Robert G. Kubilis in the section "Officers and Trustees – Interested Board Members and Officers:"

Christopher Kings (1974) Chief Financial Officer, Chief Accounting Officer and Treasurer Since January 2022 Not  
Applicable Not Applicable  
One Franklin Parkway  
San Mateo, CA 94403-1906

**Principal Occupation During at Least the Past 5 Years:**

Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

*Please keep this supplement with your SAI for future reference.*

# Templeton Developing Markets VIP Fund

This annual report for Templeton Developing Markets VIP Fund covers the fiscal year ended December 31, 2021.

## Class 2 Performance Summary as of December 31, 2021

Average annual total return of Class 2 shares represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Share Class	Average Annual Total Return
<b>2</b>	
1-Year	-5.74%
5-Year	+10.60%
10-Year	+4.84%

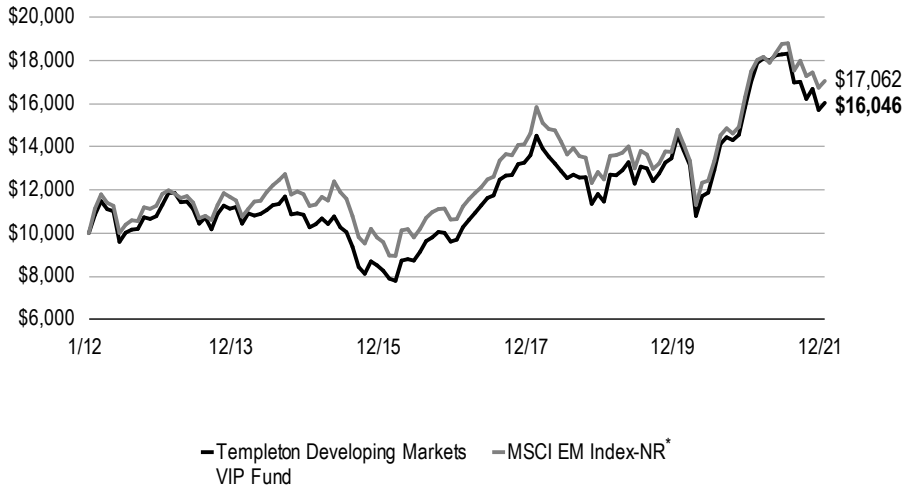
*Performance reflects the Fund's Class 2 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.*



**Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/12–12/31/21)**

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance is compared to the performance of the MSCI Emerging Markets (EM) Index-NR. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. **Please see Important Notes to Performance Information preceding the Fund Summaries.**



\*Source: Morningstar. Please see Index Descriptions following the Fund Summaries.

# Templeton Developing Markets VIP Fund

## Fund Goal and Main Investments

The Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in emerging market investments.

## Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with developing markets are magnified in frontier markets. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

## Geographic Composition

12/31/21

	<b>% of Total Net Assets</b>
Asia	77.7%
Europe	9.3%
Latin America & Caribbean	7.8%
North America	2.1%
Middle East & Africa	1.5%
Short-Term Investments & Other Net Assets	1.6%

## Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's benchmark, the MSCI Emerging Markets (EM) Index-NR, posted a -2.54% total return for the same period.<sup>1</sup> Please note, index performance numbers are for reference and we do not attempt to track an index but rather undertake investments on the basis of fundamental research.

1. Source: Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

## Economic and Market Overview

Emerging market countries continued their economic recovery during the 12 months ended December 31, 2021, though resurgent COVID-19 outbreaks hampered growth in many countries. Several emerging market central banks raised benchmark interest rates to stem inflation, a reversal of the accommodative monetary policies adopted at the beginning of the pandemic in 2020. During the period, investor concerns about the global spread of the COVID-19 Delta and Omicron variants, rising inflation and new Chinese government regulations on certain businesses tempered optimism about increased vaccinations and economies reopening.

Regarding individual countries, China's year-on-year growth rate accelerated in 2021's first quarter, driven by increased domestic and global demand and government fiscal support. Growth moderated in 2021's second, third and fourth quarters due to supply chain issues, domestic COVID-19 outbreaks, power shortages and a speculative bubble in the property market. Taiwan's year-on-year growth rate accelerated in 2021's first quarter, as a surge in global demand for electronic products boosted its export-dependent economy. Growth moderated in the second and third quarters as private consumption was impacted by a spike in infections. South Korea's year-on-year growth rate accelerated in 2021's first and second quarters, following three straight quarters of contraction. Accelerating private consumption, government spending and exports contributed to the recovery. Growth moderated in the third quarter in part due to new restrictions to contain the Delta variant. India's year-on-year growth rate accelerated in 2021's first and second quarters due to surges in construction, manufacturing and private spending. Growth continued in 2021's third quarter, albeit at a less robust pace, as progress in vaccine distribution eased COVID-19-related economic disruptions. Russia's year-on-year growth rate contracted for the fourth consecutive time in 2021's first quarter before returning to growth in the second and third quarters, aided by an increase in oil prices. Following four straight quarters of contractions, Brazil's year-on-year growth rate turned positive in 2021's first quarter and accelerated in the second quarter based on strength in manufacturing, particularly automotive production, and transportation and storage. Growth moderated in the third quarter as imports outpaced exports.

Turning to specific countries' monetary policies, the People's Bank of China lowered its benchmark loan prime rate in December 2021—its first cut since April 2020—in an effort to spur growth. The central banks of Taiwan and India left their benchmark interest rates unchanged. In contrast, the central banks of South Korea, Russia and Brazil all raised their respective benchmark interest rates multiple times to combat rising inflation.

In this environment, emerging market stocks, as measured by the MSCI EM Index-NR, posted a -2.54% total return for the 12 months ended December 31, 2021.<sup>1</sup> Chinese equities fell during the period due to new government regulations of internet companies, political and economic tensions with the U.S., and strict lockdowns to suppress new COVID-19 outbreaks. Taiwanese equities rose significantly during the period, supported by the country's strong technology export sector. Russian equities also rose, aided by increased oil prices, though political tensions with the U.S. and Ukraine caused a dip near period-end. Brazilian equities fell during the period due to investor concerns about rising inflation, mounting debt levels, increased interest rates and political uncertainties ahead of the country's general election in October 2022.

### Top 10 Countries

12/31/21

	% of Total Net Assets
China	25.5%
South Korea	21.8%
Taiwan	18.0%
India	9.1%
Russia	7.0%
Brazil	5.7%
United States	2.1%
Mexico	1.7%
Thailand	1.6%
United Kingdom	1.5%

## Investment Strategy

We employ a fundamental research, value-oriented, long-term investment approach. We focus on the market price of a company's securities relative to our evaluation of its long-term earnings, asset value, cash flow potential and sustainable earnings power at a discount to intrinsic worth. This includes an assessment of the potential impacts of material environmental, social and governance factors on the long-term risk and return profile of a company. We also consider a company's profit and loss outlook, balance sheet strength, cash flow trends and asset value in relation to

the current price of the company's securities. Our analysis considers the company's position in its sector, the economic framework and political environment.

### Top 10 Holdings

12/31/21

Company Industry, Country	% of Total Net Assets
Taiwan Semiconductor Manufacturing Co. Ltd. <i>Semiconductors &amp; Semiconductor Equipment, Taiwan</i>	12.4%
Samsung Electronics Co. Ltd. <i>Technology Hardware, Storage &amp; Peripherals, South Korea</i>	11.1%
Alibaba Group Holding Ltd. <i>Internet &amp; Direct Marketing Retail, China</i>	5.3%
ICICI Bank Ltd. <i>Banks, India</i>	5.2%
Tencent Holdings Ltd. <i>Interactive Media &amp; Services, China</i>	4.4%
MediaTek, Inc. <i>Semiconductors &amp; Semiconductor Equipment, Taiwan</i>	4.1%
NAVER Corp. <i>Interactive Media &amp; Services, South Korea</i>	3.8%
LUKOIL PJSC <i>Oil, Gas &amp; Consumable Fuels, Russia</i>	2.5%
Sberbank of Russia PJSC <i>Banks, Russia</i>	2.3%
China Merchants Bank Co. Ltd. <i>Banks, China</i>	2.2%

## Manager's Discussion

Key contributors to absolute performance during the period included Taiwan Semiconductor Manufacturing Co. (TSMC), MediaTek and ICICI Bank.

Despite some short-term demand weakness for smartphones, positive sentiment for the growth prospects of TSMC and MediaTek was driven by higher memory chip prices coupled with rising silicon content, amid continued fifth-generation wireless technology (5G) development, growing higher performance computing (HPC) applications and accelerating digital transformation.

TSMC is one of the world's leading semiconductor manufacturers, with major technology companies among its clients. Following solid first- and second-quarter 2021 corporate results, the company posted better-than-expected third-quarter earnings, a quarter-on-quarter improvement in profit margins and lifted its full-year sales growth forecast. Benefiting from its strong technology leadership, the company also raised its long-term gross margin estimates.

MediaTek is a major chip designer in the semiconductor industry and develops chips for smartphones and other technology devices. The company consistently reported solid quarterly corporate results in 2021. In addition to positive

fourth-quarter 2021 guidance, management voiced solid growth and stronger profitability expectations for 2022. Signaling commitment to enhancing shareholder returns, a special dividend payment from 2021-2024 was also announced. Investors were also optimistic about demand for the company's newly launched chip for 5G smartphones.

Shares in ICICI Bank, one of the largest private-sector banks in India, generally remained on an upward trend in 2021 on the back of solid quarterly earnings growth. Improving margins and asset quality along with a strong balance sheet and improving digital footprint further supported returns. Although concerns about non-performing assets rose in the second quarter amid the second COVID-19 wave, the bank's prudent asset provision policies, healthy capital buffer, strong deposit franchise and risk-conscious lending practices enabled the bank to continue to excel operationally. Economic normalization and expectations that rising credit penetration in India could create longer-term growth opportunities for the bank also supported investor confidence.

In contrast, key detractors from absolute performance included Alibaba Group Holding, Tencent Holdings and Samsung Electronics.

Alibaba is the leading e-commerce company in China. It also provides cloud computing services and is involved in logistics services. Tencent is one of the largest online gaming companies in the world and operates the most popular messaging application with social network features in China. As a major internet company in China, it also provides non-gaming value added services, digital advertising, financial technology and other services. China's increased scrutiny of monopolistic practices, personal data protection, content release, online platform's social responsibilities, financial technology and other areas in the internet industry weighed on both companies.

Despite Alibaba reporting solid second- and third-quarter 2021 revenue growth, a downward revision in fiscal year 2022 revenue guidance amid a weak consumption environment and intensifying competition in China's e-commerce market disappointed investors. However, a substantial increase in the company's share repurchase program, the largest buyback program in the company's history, signaled continued management confidence. The organizational restructure in late 2021 also suggested management actively took actions to meet these challenges. Although further regulatory news could drive share-price volatility in the near term, Alibaba is generally viewed as

well-diversified and resilient, with longer-term growth drivers across multiple areas such as domestic retail, international e-commerce, cloud computing and other enterprise services.

Although Tencent reported continued growth in quarterly revenue, third-quarter 2021 corporate results missed market expectations. Regulatory and macroeconomic headwinds especially impacted growth in online advertising revenues. Tencent declared a special dividend in the form of shares of Chinese e-commerce company JD.com (not a Fund holding), which would reduce Tencent's holding in JD.com, in December 2021, unlocking value for shareholders and providing capital to fund other investment and social initiatives. Reducing its investment in other internet companies could also reduce potential concerns on Tencent from an anti-trust regulatory perspective. Although further regulatory changes could result in some volatility in the short-term, we believe strength in Tencent's core gaming and social businesses, and longer-term monetization opportunities in its enterprise services and other services bode well for the company's longer-term future.

A leading global semiconductor manufacturer, Samsung Electronics is also one of the world's largest smartphone producers as well as a key supplier of organic light-emitting diode (LED) displays. Third-quarter 2021 revenues reached a record-high supported by favorable conditions in the memory market and strong performance in the display segment. The company's foundry, consumer electronics and display businesses benefited from a robust environment for technology exports driven by increased consumer demand for computers, game consoles, smartphones and tablets during the pandemic. Although the company reported strong quarterly earnings growth during 2021, concerns about a decline in future smartphone demand, component shortages and worries of a slowdown in memory chip prices and demand checked investor sentiment. Market concerns that the family of Samsung Electronics' late chairman may sell shares in the company to raise funds for a substantial inheritance tax bill also impacted share-price performance.

In the last 12 months, the Fund increased its holdings in Brazil, China and Peru as we continued to identify companies with sustainable earnings power trading at a discount to their intrinsic worth. In terms of sectors, additions were undertaken in materials, consumer discretionary and real estate. Some additions were also made to the industrials and health care sectors. New additions to the portfolio included Daqo New Energy, a Chinese manufacturer of polysilicon for solar power equipment, Tata Consultancy Services, one of India's biggest IT consulting and services firms, and Soulbrain, a major South Korean supplier of key chemicals for semiconductor and display manufacturing. We

also added to our existing high-conviction portfolio holdings with purchases in B3, one of the largest financial exchanges in South America, China Resources Cement Holdings, a leading cement and concrete producer in Southern China, and the aforementioned Alibaba.

The Fund reduced its investments in Taiwan, South Africa, India and U.K.-listed companies with exposure to emerging markets in favor of opportunities we found more compelling. Sectors which experienced the largest sales were communication services, information technology, energy and consumer staples. In terms of key sales, we closed positions in CNOOC, a Chinese energy company, China Mobile, a Chinese wireless telecommunications provider, and Flat Glass Group, a Chinese glass products manufacturer. We also trimmed positions in several key holdings, including NAVER, a dominant search engine company in South Korea, and the previously mentioned TSMC and Tencent.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the 12 months ended December 31, 2021, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-U.S. currency exposure.

Thank you for your participation in Templeton Developing Markets VIP Fund. We look forward to serving your future investment needs.

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2021, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract Level: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses. The table below shows Fund-level ongoing expenses and can help you understand these costs and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

### Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" (*if Fund-Level Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

### Hypothetical Example for Comparison with Other Mutual Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

*Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, while the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.*

Share Class	Beginning Account Value 7/1/21	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 12/31/21	Fund-Level Expenses Paid During Period 7/1/21–12/31/21 <sup>1,2</sup>	Ending Account Value 12/31/21	Fund-Level Expenses Paid During Period 7/1/21–12/31/21 <sup>1,2</sup>	
2	\$1,000	\$875.30	\$7.06	\$1,017.67	\$7.60	1.49%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

**SUPPLEMENT DATED JANUARY 28, 2022  
TO THE PROSPECTUSES DATED MAY 1, 2021  
OF  
TEMPLETON DEVELOPING MARKETS VIP FUND  
(a series of Franklin Templeton Variable Insurance Products Trust)**

The prospectuses of the Fund are amended as follows:

I. The following is added after the third sentence in the second paragraph in the “Fund Summaries – Templeton Developing Markets VIP Fund – Principal Investment Strategies” section of the prospectus:

Investments in Chinese companies also may be made through a special structure known as a variable interest entity (VIE) that is designed to provide foreign investors with exposure to Chinese companies that operate in certain sectors in which China restricts or prohibits foreign investments.

II. The following is added after the third paragraph in the “Fund Summaries – Templeton Developing Markets VIP Fund – Principal Risks – Foreign Securities (non-U.S.)” section of the prospectus:

Certain investments in Chinese companies may be made through a special structure known as a VIE. In a VIE structure, foreign investors, such as the Fund, will only own stock in a shell company rather than directly in the VIE, which must be owned by Chinese nationals (and/or Chinese companies) to obtain the licenses and/or assets required to operate in a restricted or prohibited sector in China. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, the structure historically has not been formally recognized under Chinese law and it is uncertain whether Chinese officials or regulators will withdraw their acceptance of the structure. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect the Fund’s returns and net asset value.

III. The following is added to the end of the sixth paragraph in the “Fund Details – Templeton Developing Markets VIP Fund – Principal Investment Policies and Practices” section of the prospectus:

Investments in Chinese companies also may be made through a special structure known as a variable interest entity (VIE) that is designed to provide foreign investors with exposure to Chinese companies that operate in certain sectors in which China restricts or prohibits foreign investments.

IV. The following replaces the first paragraph in the “Fund Details – Templeton Developing Markets VIP Fund – Principal Investment Policies and Practices – Portfolio Selection” section of the prospectus:

When choosing equity investments for the Fund, the investment manager applies a fundamental, research-driven, long-term approach, focusing on companies with sustainable earnings power that are trading at a discount to intrinsic worth. Alongside traditional financial and economic analyses, the investment manager assesses the potential impacts of material environmental, social and governance (ESG) factors on a company, which the investment manager believes provide a measure of the company’s sustainability. In analyzing ESG factors, the investment manager assesses how a company’s practices are aimed at improving or maintaining the ESG footprint of its operating model and conducts a materiality-based ESG assessment. The following provides examples of ESG elements that can be taken into consideration when assessing a company:

- Environmental considerations, which can include issues such as resource efficiency, carbon emissions management, waste prevention and recycling and pollution prevention and control.
- Social considerations, which can include issues such as labor standards, fair wages, diversity and gender balance, health and safety practices and product safety.
- Governance considerations, which can include issues such as appropriate accounting practices, alignment of interests, board effectiveness, capital allocation, shareholder rights and quality of disclosures.

Consideration of ESG factors and risks is only one component of the investment manager's assessment of issuers eligible for investment. The weight given to ESG factors may vary across types of investments, industries, regions and issuers and may change over time, and not every ESG factor may be identified or evaluated in the investment manager's analysis.

V. The following is added to the "Fund Details – Templeton Developing Markets VIP Fund – Principal Risks – Foreign Securities (non-U.S.) – China companies" section of the prospectus:

Certain investments in Chinese companies may be made through a special structure known as a VIE. In a VIE structure, foreign investors, such as the Fund, will only own stock in a shell company rather than directly in the VIE, which must be owned by Chinese nationals (and/or Chinese companies) to obtain the licenses and/or assets required to operate in a restricted or prohibited sector in China. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, the structure historically has not been formally recognized under Chinese law and it is uncertain whether Chinese officials or regulators will withdraw their implicit acceptance of the structure. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect the Fund's returns and net asset value.

VI. The following is added after the "Fund Details – Templeton Developing Markets VIP Fund – Principal Risks – Management" section of the prospectus:

**Environmental, Social and Governance (ESG) Considerations Risk**

The investment manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies or may not have a high ESG risk profile. Consideration of ESG factors may affect the Fund's exposure to certain issuers or industries and may not work as intended. In addition, ESG considerations assessed as part of the Fund's investment process may vary across types of eligible investments and issuers, and not every ESG factor may be identified or evaluated for every investment. The investment manager's assessment of an issuer may differ from that of other funds or an investor's assessment of such issuer. As a result, securities selected by the investment manager may not reflect the beliefs and values of any particular investor. The investment manager also may be dependent on the availability of timely, complete and accurate ESG data being reported by issuers and/or third-party research providers to evaluate ESG factors. ESG factors are often not uniformly measured or defined, which could impact the investment manager's ability to assess an issuer. The Fund may underperform other funds that do not consider an issuer's ESG factors or that use a different methodology to identify and/or incorporate ESG factors.

*Please keep this supplement with your prospectus for future reference.*



## Financial Highlights

### Templeton Developing Markets VIP Fund

	Year Ended December 31,				
	2021	2020	2019	2018	2017
<b>Class 1</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.73	\$10.80	\$8.62	\$10.31	\$7.42
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.10	0.07	0.18	0.09	0.08
Net realized and unrealized gains (losses) . . . . .	(0.70)	1.57	2.12	(1.67)	2.92
Total from investment operations . . . . .	(0.60)	1.64	2.30	(1.58)	3.00
Less distributions from:					
Net investment income . . . . .	(0.13)	(0.45)	(0.12)	(0.11)	(0.11)
Net realized gains . . . . .	(0.24)	(0.26)	—	—	—
Total distributions . . . . .	(0.37)	(0.71)	(0.12)	(0.11)	(0.11)
Net asset value, end of year . . . . .	\$10.76	\$11.73	\$10.80	\$8.62	\$10.31
Total return <sup>c</sup> . . . . .	(5.51)%	17.39%	26.92%	(15.44)%	40.65%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.19%	1.19%	1.15%	1.24%	1.36%
Expenses net of waiver and payments by affiliates . . . . .	1.19% <sup>d</sup>	1.19% <sup>d</sup>	1.15% <sup>d</sup>	1.24% <sup>d</sup>	1.35% <sup>e</sup>
Net investment income . . . . .	0.82%	0.73%	1.83%	0.99%	0.86%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$83,269	\$89,165	\$97,271	\$85,397	\$105,493
Portfolio turnover rate . . . . .	19.35%	11.60%	18.04%	9.22%	10.76%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>e</sup>Benefit of expense reduction rounds to less than 0.01%.

**Templeton Developing Markets VIP Fund** (continued)

	Year Ended December 31,				
	2021	2020	2019	2018	2017
<b>Class 2</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.64	\$10.71	\$8.54	\$10.23	\$7.36
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.07	0.05	0.15	0.07	0.05
Net realized and unrealized gains (losses) . . . . .	(0.69)	1.56	2.11	(1.68)	2.91
Total from investment operations . . . . .	(0.62)	1.61	2.26	(1.61)	2.96
Less distributions from:					
Net investment income . . . . .	(0.11)	(0.42)	(0.09)	(0.08)	(0.09)
Net realized gains . . . . .	(0.24)	(0.26)	—	—	—
Total distributions . . . . .	(0.35)	(0.68)	(0.09)	(0.08)	(0.09)
Net asset value, end of year . . . . .	\$10.67	\$11.64	\$10.71	\$8.54	\$10.23
Total return <sup>c</sup> . . . . .	(5.74)%	17.18%	26.70%	(15.79)%	40.41%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.44%	1.45%	1.40%	1.49%	1.61%
Expenses net of waiver and payments by affiliates . . . . .	1.44% <sup>d</sup>	1.44%	1.40% <sup>d</sup>	1.49% <sup>d</sup>	1.60% <sup>e</sup>
Net investment income . . . . .	0.57%	0.49%	1.58%	0.74%	0.61%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$215,977	\$241,104	\$231,645	\$195,305	\$270,433
Portfolio turnover rate . . . . .	19.35%	11.60%	18.04%	9.22%	10.76%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>e</sup>Benefit of expense reduction rounds to less than 0.01%.

**Templeton Developing Markets VIP Fund** (continued)

	Year Ended December 31,				
	2021	2020	2019	2018	2017
<b>Class 4</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.71	\$10.77	\$8.59	\$10.28	\$7.39
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.05	0.04	0.15	0.06	0.05
Net realized and unrealized gains (losses) . . . . .	(0.70)	1.57	2.11	(1.68)	2.92
Total from investment operations . . . . .	(0.65)	1.61	2.26	(1.62)	2.97
Less distributions from:					
Net investment income . . . . .	(0.09)	(0.41)	(0.08)	(0.07)	(0.08)
Net realized gains . . . . .	(0.24)	(0.26)	—	—	—
Total distributions . . . . .	(0.33)	(0.67)	(0.08)	(0.07)	(0.08)
Net asset value, end of year . . . . .	\$10.73	\$11.71	\$10.77	\$8.59	\$10.28
Total return <sup>c</sup> . . . . .	(5.90)%	17.05%	26.49%	(15.81)%	40.30%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.54%	1.54%	1.50%	1.59%	1.71%
Expenses net of waiver and payments by affiliates . . . . .	1.54% <sup>d</sup>	1.54% <sup>d</sup>	1.50% <sup>d</sup>	1.59% <sup>d</sup>	1.70% <sup>e</sup>
Net investment income . . . . .	0.46%	0.44%	1.48%	0.64%	0.51%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$4,846	\$5,518	\$5,590	\$5,203	\$7,199
Portfolio turnover rate . . . . .	19.35%	11.60%	18.04%	9.22%	10.76%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>e</sup>Benefit of expense reduction rounds to less than 0.01%.

## Statement of Investments, December 31, 2021

## Templeton Developing Markets VIP Fund

	Industry	Shares	Value
<b>Common Stocks 95.7%</b>			
<b>Brazil 3.0%</b>			
<sup>a</sup> Americanas SA . . . . .	Internet & Direct Marketing Retail	301,924	\$1,700,943
B3 SA - Brasil Bolsa Balcao . . . . .	Capital Markets	1,201,744	2,392,555
<sup>a</sup> M Dias Branco SA . . . . .	Food Products	106,200	486,303
TOTVS SA . . . . .	Software	56,245	285,773
Vale SA . . . . .	Metals & Mining	266,919	3,718,164
<sup>a</sup> XP, Inc., A . . . . .	Capital Markets	21,386	614,634
			9,198,372
<b>Cambodia 0.4%</b>			
NagaCorp Ltd. . . . .	Hotels, Restaurants & Leisure	1,371,750	1,196,934
<b>China 25.5%</b>			
<sup>a</sup> Alibaba Group Holding Ltd. . . . .	Internet & Direct Marketing Retail	1,100,205	16,170,435
<sup>b</sup> BAIC Motor Corp. Ltd., H, 144A, Reg S	Automobiles	1,500,600	644,685
<sup>a</sup> Baidu, Inc., ADR . . . . .	Interactive Media & Services	12,214	1,817,321
<sup>a,c</sup> Brilliance China Automotive Holdings Ltd. . . . .	Automobiles	7,756,600	2,772,041
<sup>a</sup> Chervon Holdings Ltd. . . . .	Machinery	72,000	534,705
China Merchants Bank Co. Ltd., A . . . .	Banks	464,411	3,559,868
China Merchants Bank Co. Ltd., H . . . .	Banks	421,159	3,276,902
China Resources Cement Holdings Ltd.	Construction Materials	3,360,915	2,542,326
China Resources Land Ltd. . . . .	Real Estate Management & Development	481,046	2,027,221
COSCO SHIPPING Ports Ltd. . . . .	Transportation Infrastructure	306,259	266,216
<sup>a</sup> Daqo New Energy Corp., ADR . . . . .	Semiconductors & Semiconductor Equipment	69,995	2,822,198
<sup>b</sup> Greentown Service Group Co. Ltd., Reg S . . . . .	Real Estate Management & Development	721,400	666,219
Guangzhou Tinci Materials Technology Co. Ltd., A . . . . .	Chemicals	286,541	5,168,493
Health & Happiness H&H International Holdings Ltd. . . . .	Food Products	512,800	794,544
Keshun Waterproof Technologies Co. Ltd., A . . . . .	Construction Materials	1,290,508	3,305,053
Longshine Technology Group Co. Ltd., A	Software	394,139	2,298,547
NetEase, Inc., ADR . . . . .	Entertainment	19,026	1,936,466
<sup>a</sup> New Oriental Education & Technology Group, Inc., ADR . . . . .	Diversified Consumer Services	97,455	204,656
Ping An Bank Co. Ltd., A . . . . .	Banks	802,600	2,080,688
Ping An Insurance Group Co. of China Ltd., H . . . . .	Insurance	343,406	2,474,974
<sup>a</sup> Prosus NV . . . . .	Internet & Direct Marketing Retail	55,257	4,573,047
Tencent Holdings Ltd. . . . .	Interactive Media & Services	231,584	13,515,092
<sup>a</sup> Tencent Music Entertainment Group, ADR . . . . .	Entertainment	295,283	2,022,689
Uni-President China Holdings Ltd. . . . .	Food Products	1,568,351	1,520,495
Weifu High-Technology Group Co. Ltd., B . . . . .	Auto Components	306,139	593,770
			77,588,651
<b>Egypt 0.1%</b>			
<sup>a</sup> E-Finance for Digital & Financial Investments . . . . .	IT Services	324,869	419,579
<b>Hungary 0.8%</b>			
Richter Gedeon Nyrt. . . . .	Pharmaceuticals	92,414	2,482,832
<b>India 9.1%</b>			
ACC Ltd. . . . .	Construction Materials	9,600	284,923
Bajaj Holdings & Investment Ltd. . . . .	Diversified Financial Services	63,532	4,622,921
ICICI Bank Ltd. . . . .	Banks	1,579,654	15,671,582

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
<b>Common Stocks</b> (continued)			
<b>India</b> (continued)			
Infosys Ltd. . . . .	IT Services	95,284	\$2,408,267
Tata Consultancy Services Ltd. . . . .	IT Services	93,626	4,686,385
			27,674,078
<b>Indonesia 0.8%</b>			
Astra International Tbk. PT . . . . .	Automobiles	5,939,400	2,377,258
<b>Mexico 1.7%</b>			
Banco Santander Mexico SA Institucion de Banca Multiple Grupo Financiero Santand, ADR . . . . .	Banks	840,830	4,742,281
<sup>a,b</sup> Nemak SAB de CV, 144A, Reg S . . . . .	Auto Components	1,928,900	571,483
			5,313,764
<b>Pakistan 0.2%</b>			
Habib Bank Ltd. . . . .	Banks	1,013,500	670,797
<b>Peru 0.4%</b>			
Intercorp Financial Services, Inc. . . . .	Banks	49,450	1,304,491
<b>Philippines 0.3%</b>			
BDO Unibank, Inc. . . . .	Banks	327,469	774,867
<b>Russia 7.0%</b>			
Gazprom PJSC, ADR . . . . .	Oil, Gas & Consumable Fuels	115,071	1,062,583
LUKOIL PJSC, ADR . . . . .	Oil, Gas & Consumable Fuels	85,254	7,638,836
Sberbank of Russia PJSC, ADR . . . . .	Banks	432,289	6,936,079
<sup>a,b,d</sup> VK Co. Ltd., GDR, Reg S . . . . .	Interactive Media & Services	27,833	322,184
<sup>a</sup> Yandex NV, A . . . . .	Interactive Media & Services	88,921	5,379,721
			21,339,403
<b>South Africa 1.4%</b>			
<sup>a</sup> Massmart Holdings Ltd. . . . .	Food & Staples Retailing	580,084	2,206,595
Naspers Ltd., N. . . . .	Internet & Direct Marketing Retail	12,961	2,009,555
			4,216,150
<b>South Korea 21.8%</b>			
<sup>a</sup> Fila Holdings Corp. . . . .	Textiles, Apparel & Luxury Goods	75,091	2,262,760
<sup>a</sup> KT Skylife Co. Ltd. . . . .	Media	92,351	709,424
<sup>a</sup> LegoChem Biosciences, Inc. . . . .	Life Sciences Tools & Services	24,169	1,131,256
<sup>a</sup> LG Corp. . . . .	Industrial Conglomerates	90,582	6,165,162
<sup>a</sup> NAVER Corp. . . . .	Interactive Media & Services	35,949	11,410,023
POSCO . . . . .	Metals & Mining	14,692	3,406,595
Samsung Electronics Co. Ltd. . . . .	Technology Hardware, Storage & Peripherals	514,470	33,784,960
<sup>a</sup> Samsung Life Insurance Co. Ltd. . . . .	Insurance	81,487	4,387,479
<sup>a</sup> Soulbrain Co. Ltd. . . . .	Chemicals	13,314	3,114,234
			66,371,893
<b>Taiwan 18.0%</b>			
Hon Hai Precision Industry Co. Ltd. . . . .	Electronic Equipment, Instruments & Components	1,108,545	4,150,001
Largan Precision Co. Ltd. . . . .	Electronic Equipment, Instruments & Components	2,850	253,113
MediaTek, Inc. . . . .	Semiconductors & Semiconductor Equipment	290,072	12,425,296
Taiwan Semiconductor Manufacturing Co. Ltd. . . . .	Semiconductors & Semiconductor Equipment	1,709,749	37,755,853
			54,584,263

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Thailand 1.6%</b>			
Kasikornbank PCL . . . . .	Banks	718,893	\$3,061,616
Kiatnakin Phatra Bank PCL . . . . .	Banks	549,194	985,989
Thai Beverage PCL . . . . .	Beverages	1,450,900	710,592
			4,758,197
<b>United Kingdom 1.5%</b>			
Unilever plc. . . . .	Personal Products	82,875	4,442,338
<b>United States 2.1%</b>			
Cognizant Technology Solutions Corp., A . . . . .	IT Services	62,978	5,587,408
Genpact Ltd. . . . .	IT Services	16,034	851,085
			6,438,493
<b>Total Common Stocks (Cost \$192,912,488) . . . . .</b>			<b>291,152,360</b>
<b>Preferred Stocks 2.7%</b>			
<b>Brazil 2.7%</b>			
<sup>e</sup> Banco Bradesco SA, ADR, 5.53% . . . . .	Banks	1,337,146	4,573,039
<sup>e</sup> Itau Unibanco Holding SA, ADR, 4.43% . . . . .	Banks	926,309	3,473,659
			8,046,698
<b>Total Preferred Stocks (Cost \$7,896,392) . . . . .</b>			<b>8,046,698</b>
<b>Escrows and Litigation Trusts 0.0%</b>			
<sup>a,c</sup> Hemisphere Properties India Ltd., Escrow Account . . . . .		82,304	—
<b>Total Escrows and Litigation Trusts (Cost \$—) . . . . .</b>			<b>—</b>
<b>Total Long Term Investments (Cost \$200,808,880) . . . . .</b>			<b>299,199,058</b>
<b>Short Term Investments 2.0%</b>			
<b>Money Market Funds 1.9%</b>			
<b>United States 1.9%</b>			
<sup>f,g</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .		5,805,544	5,805,544
<b>Total Money Market Funds (Cost \$5,805,544) . . . . .</b>			<b>5,805,544</b>
<b><sup>h</sup>Investments from Cash Collateral Received for Loaned Securities 0.1%</b>			
<b>Money Market Funds 0.1%</b>			
<sup>f,g</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .		170,471	170,471
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$170,471) . . . . .</b>			<b>170,471</b>
<b>Total Short Term Investments (Cost \$5,976,015) . . . . .</b>			<b>5,976,015</b>

**Templeton Developing Markets VIP Fund** (continued)

**Short Term Investments** (continued)

	Shares	Value
<b>Total Investments (Cost \$206,784,895) 100.4%</b> .....		<b>\$305,175,073</b>
<b>Other Assets, less Liabilities (0.4)%</b> .....		<b>(1,084,026)</b>
<b>Net Assets 100.0%</b> .....		<b>\$304,091,047</b>

See Abbreviations on page TD-28.

<sup>a</sup> Non-income producing.

<sup>b</sup> Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2021, the aggregate value of these securities was \$2,204,571, representing 0.7% of net assets.

<sup>c</sup> Fair valued using significant unobservable inputs. See Note 9 regarding fair value measurements.

<sup>d</sup> A portion or all of the security is on loan at December 31, 2021. See Note 1(c).

<sup>e</sup> Variable rate security. The rate shown represents the yield at period end.

<sup>f</sup> See Note 3(e) regarding investments in affiliated management investment companies.

<sup>g</sup> The rate shown is the annualized seven-day effective yield at period end.

<sup>h</sup> See Note 1(c) regarding securities on loan.

## Statement of Assets and Liabilities

December 31, 2021

	<b>Templeton Developing Markets VIP Fund</b>
<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$200,808,880
Cost - Non-controlled affiliates (Note 3e) . . . . .	5,976,015
Value - Unaffiliated issuers (Includes securities loaned of \$161,086) . . . . .	\$299,199,058
Value - Non-controlled affiliates (Note 3e) . . . . .	5,976,015
Cash . . . . .	14
Receivables:	
Investment securities sold . . . . .	5,218
Capital shares sold . . . . .	74,162
Dividends . . . . .	1,124,458
Total assets . . . . .	<u>306,378,925</u>
<b>Liabilities:</b>	
Payables:	
Capital shares redeemed . . . . .	35,389
Management fees . . . . .	268,636
Distribution fees . . . . .	46,922
Reports to shareholders fees . . . . .	180,827
Payable upon return of securities loaned (Note 1c) . . . . .	170,471
Deferred tax . . . . .	1,470,403
Accrued expenses and other liabilities . . . . .	115,230
Total liabilities . . . . .	<u>2,287,878</u>
Net assets, at value . . . . .	<u>\$304,091,047</u>
<b>Net assets consist of:</b>	
Paid-in capital . . . . .	\$191,551,822
Total distributable earnings (losses) . . . . .	112,539,225
Net assets, at value . . . . .	<u>\$304,091,047</u>
	<b>Templeton Developing Markets VIP Fund</b>
<b>Class 1:</b>	
Net assets, at value . . . . .	<u>\$83,268,713</u>
Shares outstanding . . . . .	<u>7,737,149</u>
Net asset value and maximum offering price per share . . . . .	<u>\$10.76</u>
<b>Class 2:</b>	
Net assets, at value . . . . .	<u>\$215,976,739</u>
Shares outstanding . . . . .	<u>20,249,070</u>
Net asset value and maximum offering price per share . . . . .	<u>\$10.67</u>
<b>Class 4:</b>	
Net assets, at value . . . . .	<u>\$4,845,595</u>
Shares outstanding . . . . .	<u>451,384</u>
Net asset value and maximum offering price per share . . . . .	<u>\$10.73</u>



**Statement of Operations**  
for the year ended December 31, 2021

	<b>Templeton Developing Markets VIP Fund</b>
<b>Investment income:</b>	
Dividends: (net of foreign taxes of \$1,014,924)	
Unaffiliated issuers . . . . .	\$6,773,709
Non-controlled affiliates (Note 3e) . . . . .	152
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates) . . . . .	10,627
Non-controlled affiliates (Note 3e) . . . . .	9
Total investment income. . . . .	<u>6,784,497</u>
<b>Expenses:</b>	
Management fees (Note 3a) . . . . .	3,540,911
Distribution fees: (Note 3c)	
Class 2 . . . . .	604,470
Class 4 . . . . .	18,547
Custodian fees. . . . .	83,209
Reports to shareholders fees . . . . .	134,148
Professional fees . . . . .	170,596
Trustees' fees and expenses . . . . .	4,054
Other. . . . .	86,352
Total expenses . . . . .	<u>4,642,287</u>
Expenses waived/paid by affiliates (Note 3e) . . . . .	<u>(1,282)</u>
Net expenses . . . . .	4,641,005
Net investment income . . . . .	<u>2,143,492</u>
<b>Realized and unrealized gains (losses):</b>	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of \$170,470)	
Unaffiliated issuers . . . . .	22,075,878
Foreign currency transactions . . . . .	<u>(106,930)</u>
Net realized gain (loss) . . . . .	<u>21,968,948</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	(41,076,678)
Translation of other assets and liabilities denominated in foreign currencies . . . . .	(1,742)
Change in deferred taxes on unrealized appreciation . . . . .	<u>(919,061)</u>
Net change in unrealized appreciation (depreciation). . . . .	<u>(41,997,481)</u>
Net realized and unrealized gain (loss) . . . . .	<u>(20,028,533)</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$(17,885,041)</u>

## Statements of Changes in Net Assets

	<b>Templeton Developing Markets VIP Fund</b>	
	<b>Year Ended December 31, 2021</b>	<b>Year Ended December 31, 2020</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$2,143,492	\$1,602,657
Net realized gain (loss) . . . . .	21,968,948	7,417,851
Net change in unrealized appreciation (depreciation) . . . . .	(41,997,481)	35,703,143
Net increase (decrease) in net assets resulting from operations . . . . .	(17,885,041)	44,723,651
Distributions to shareholders:		
Class 1 . . . . .	(2,736,269)	(5,313,566)
Class 2 . . . . .	(7,098,412)	(13,445,802)
Class 4 . . . . .	(145,812)	(329,902)
Total distributions to shareholders . . . . .	(9,980,493)	(19,089,270)
Capital share transactions: (Note 2)		
Class 1 . . . . .	1,481,894	(15,688,037)
Class 2 . . . . .	(5,048,337)	(8,150,495)
Class 4 . . . . .	(263,658)	(515,345)
Total capital share transactions . . . . .	(3,830,101)	(24,353,877)
Net increase (decrease) in net assets . . . . .	(31,695,635)	1,280,504
Net assets:		
Beginning of year . . . . .	335,786,682	334,506,178
End of year . . . . .	\$304,091,047	\$335,786,682

# Notes to Financial Statements

## Templeton Developing Markets VIP Fund

### 1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Developing Markets VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued

according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day

**Templeton Developing Markets VIP Fund** (continued)**1. Organization and Significant Accounting Policies**  
(continued)**a. Financial Instrument Valuation** (continued)

of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

**b. Foreign Currency Translation**

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

**c. Securities Lending**

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

**d. Income and Deferred Taxes**

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and, if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

## Templeton Developing Markets VIP Fund (continued)

### 1. Organization and Significant Accounting Policies

(continued)

#### d. Income and Deferred Taxes (continued)

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

#### e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the

relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

#### f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

**Templeton Developing Markets VIP Fund** (continued)

**2. Shares of Beneficial Interest**

At December 31, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
<b>Class 1 Shares:</b>				
Shares sold	941,262	\$11,146,256	551,169	\$5,176,244
Shares issued in reinvestment of distributions	221,740	2,736,269	605,880	5,313,565
Shares redeemed	(1,025,538)	(12,400,631)	(2,564,863)	(26,177,846)
Net increase (decrease)	137,464	\$1,481,894	(1,407,814)	\$(15,688,037)
<b>Class 2 Shares:</b>				
Shares sold	3,029,783	\$35,782,088	3,773,009	\$36,677,695
Shares issued in reinvestment of distributions	579,935	7,098,412	1,543,720	13,445,802
Shares redeemed	(4,080,457)	(47,928,837)	(6,223,836)	(58,273,992)
Net increase (decrease)	(470,739)	\$(5,048,337)	(907,107)	\$(8,150,495)
<b>Class 4 Shares:</b>				
Shares sold	54,666	\$636,847	25,280	\$230,224
Shares issued in reinvestment of distributions	11,826	145,812	37,660	329,902
Shares redeemed	(86,374)	(1,046,317)	(110,712)	(1,075,471)
Net increase (decrease)	(19,882)	\$(263,658)	(47,772)	\$(515,345)

**3. Transactions with Affiliates**

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund are also officers and/or trustees of the following subsidiaries:

Subsidiary	Affiliation
Templeton Asset Management Ltd. (Asset Management)	Investment manager
Franklin Templeton Investment Management Limited (FTIML)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

**a. Management Fees**

The Fund pays an investment management fee to Asset Management based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.050%	Up to and including \$1 billion
1.000%	Over \$1 billion, up to and including \$5 billion
0.950%	Over \$5 billion, up to and including \$10 billion
0.900%	Over \$10 billion, up to and including \$15 billion
0.850%	Over \$15 billion, up to and including \$20 billion
0.800%	In excess of \$20 billion

**Templeton Developing Markets VIP Fund** (continued)

**3. Transactions with Affiliates** (continued)

**a. Management Fees** (continued)

For the year ended December 31, 2021, the gross effective management fee rate was 1.050% of the Fund's average daily net assets.

Under a subadvisory agreement, FTIML, an affiliate of Asset Management, provides subadvisory services to the Fund. The subadvisory fee is paid by Asset Management based on the Fund's average daily net assets, and is not an additional expense of the Fund.

**b. Administrative Fees**

Under an agreement with Asset Management, FT Services provides administrative services to the Fund. The fee is paid by Asset Management based on the Fund's average daily net assets, and is not an additional expense of the Fund.

**c. Distribution Fees**

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4 respectively. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

**d. Transfer Agent Fees**

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

**e. Investments in Affiliated Management Investment Companies**

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	Dividends
<b>Templeton Developing Markets VIP Fund</b>									
<b>Non-Controlled Affiliates</b>									
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	\$1,250,033	\$51,629,717	\$(47,074,206)	\$—	\$—	\$5,805,544	5,805,544	\$152	

**Templeton Developing Markets VIP Fund** (continued)

**3. Transactions with Affiliates** (continued)

**e. Investments in Affiliated Management Investment Companies** (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	Income from securities loaned
<b>Templeton Developing Markets VIP Fund (continued)</b>									
<b>Non-Controlled Affiliates</b>									
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	\$518,425	\$4,190,045	\$(4,537,999)	\$—	\$—	\$170,471	170,471	\$9	
<b>Total Affiliated Securities . . .</b>	<b>\$1,768,458</b>	<b>\$55,819,762</b>	<b>\$(51,612,205)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$5,976,015</b>		<b>\$161</b>	

**4. Income Taxes**

The tax character of distributions paid during the years ended December 31, 2021 and 2020, was as follows:

	2021	2020
Distributions paid from:		
Ordinary income . . . . .	\$9,445,508	\$11,805,794
Long term capital gain . . . . .	534,985	7,283,476
	<u>\$9,980,493</u>	<u>\$19,089,270</u>

At December 31, 2021, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments . . . . .	<u>\$215,883,210</u>
Unrealized appreciation. . . . .	\$125,072,228
Unrealized depreciation. . . . .	(35,780,365)
Net unrealized appreciation (depreciation). . . . .	<u>\$89,291,863</u>
Distributable earnings:	
Undistributed ordinary income. . . . .	\$8,704,438
Undistributed long term capital gains. . . . .	<u>\$16,163,833</u>
Total distributable earnings . . . . .	<u>\$24,868,271</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares, foreign capital gains tax, corporate actions and wash sales.

**5. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2021, aggregated \$64,156,215 and \$77,625,850, respectively.



## Templeton Developing Markets VIP Fund (continued)

### 5. Investment Transactions (continued)

At December 31, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received \$170,471 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

### 6. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Current political and financial uncertainty surrounding the European Union may increase market volatility and the economic risk of investing in securities in Europe. In addition, certain foreign securities may not be as liquid as U.S. securities.

Investing in China A shares may include certain risks and considerations not typically associated with investing in U.S. securities. In general, A shares are issued by companies incorporated in the People's Republic of China (PRC) and listed on the Shanghai and Shenzhen Stock Exchanges and available for investment by domestic (Chinese) investors and holders of a QFII license and, in the case of certain eligible A shares, through the Shanghai and Shenzhen Stock Connect programs. The Shanghai and Shenzhen Stock Exchanges are, however, substantially smaller, less liquid and more volatile than the major securities markets in the United States.

The United States and other nations have imposed and could impose additional sanctions on certain issuers in Russia due to regional conflicts. These sanctions could result in the devaluation of Russia's currency, a downgrade in Russian issuers' credit ratings, or a decline in the value and liquidity of Russian stocks or other securities. Such sanctions could also adversely affect Russia's economy. The Fund may be prohibited from investing in securities issued by companies subject to such sanctions. In addition, if the Fund holds the securities of an issuer that is subject to such sanctions, an immediate freeze of that issuer's securities could result, impairing the ability of the Fund to buy, sell, receive or deliver those securities. There is also the risk that countermeasures could be taken by Russia's government, which could involve the seizure of the Fund's assets. These risks could affect the value of the Fund's portfolio. While the Fund holds securities of certain issuers impacted by the sanctions, existing investments do not presently violate the applicable terms and conditions of the sanctions. The sanctions currently do not affect the Fund's ability to sell these securities. At December 31, 2021, the Fund had 7.0% of its net assets invested in Russia.

### 7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

### 8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matured on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 4, 2022, the Borrowers renewed the Global Credit Facility for a one-year term, maturing February 3, 2023, for a total of \$2.675 billion.

**Templeton Developing Markets VIP Fund** (continued)**8. Credit Facility** (continued)

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2021, the Fund did not use the Global Credit Facility.

**9. Fair Value Measurements**

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of December 31, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Templeton Developing Markets VIP Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Brazil	\$614,634	\$8,583,738	\$—	\$9,198,372
Cambodia	—	1,196,934	—	1,196,934
China	10,132,579	64,684,031	2,772,041	77,588,651
Egypt	419,579	—	—	419,579
Hungary	2,482,832	—	—	2,482,832
India	—	27,674,078	—	27,674,078
Indonesia	—	2,377,258	—	2,377,258
Mexico	5,313,764	—	—	5,313,764
Pakistan	670,797	—	—	670,797
Peru	1,304,491	—	—	1,304,491
Philippines	—	774,867	—	774,867
Russia	5,379,721	15,959,682	—	21,339,403
South Africa	2,206,595	2,009,555	—	4,216,150
South Korea	—	66,371,893	—	66,371,893
Taiwan	—	54,584,263	—	54,584,263
Thailand	—	4,758,197	—	4,758,197
United Kingdom	—	4,442,338	—	4,442,338
United States	6,438,493	—	—	6,438,493
Preferred Stocks	8,046,698	—	—	8,046,698
Escrows and Litigation Trusts	—	—	— <sup>a</sup>	—
Short Term Investments	5,976,015	—	—	5,976,015
Total Investments in Securities	\$48,986,198	\$253,416,834 <sup>b</sup>	\$2,772,041	\$305,175,073

<sup>a</sup>Includes securities determined to have no value at December 31, 2021.

## Templeton Developing Markets VIP Fund (continued)

### 9. Fair Value Measurements (continued)

<sup>9</sup>Includes foreign securities valued at \$253,416,834, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

### 10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 for certain LIBOR settings and 2023 for the remainder. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

### 11. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

## Abbreviations

### Selected Portfolio

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<b>ADR</b>	American Depositary Receipt
<b>GDR</b>	Global Depositary Receipt

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Templeton Developing Markets VIP Fund

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton Developing Markets VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the “Fund”) as of December 31, 2021, the related statement of operations for the year ended December 31, 2021, the statement of changes in net assets for each of the two years in the period ended December 31, 2021, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2021 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2021 and the financial highlights for each of the five years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

February 17, 2022

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

## Tax Information (unaudited)

### Templeton Developing Markets VIP Fund

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to [www.franklintempleton.com](http://www.franklintempleton.com) for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2021:

	<b>Pursuant to:</b>	<b>Amount Reported</b>
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$534,985
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$44,802

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders the following amounts, or amounts as finally determined, of foreign taxes paid and foreign source income earned by the fund during the fiscal year ended December 31, 2021:

	<b>Amount Reported</b>
Foreign Taxes Paid	\$1,170,843
Foreign Source Income Earned	\$6,715,881

## Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

**Bloomberg 1-3 Month U.S. Treasury Bill Index** measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to one month and less than three months. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

**Bloomberg U.S. Aggregate Bond Index** measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency).

**Bloomberg U.S. Corporate Bond Index** measures the performance of the investment-grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

**Bloomberg U.S. Corporate High Yield Bond Index** measures the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and Standard & Poor's is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets (EM) country of risk, based on Bloomberg EM country definition, are excluded.

**Bloomberg U.S. Government - Intermediate Index** is the intermediate component of the Bloomberg U.S. Government Index, which includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government-owned or government-sponsored entities, and debt explicitly guaranteed by the U.S. government).

**Bloomberg U.S. High Yield Very Liquid Index** is a component of the U.S. Corporate High Yield Index that is designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market.

**Bloomberg U.S. Mortgage-Backed Securities (MBS) Index** tracks the performance of fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). Effective June 1, 2017, hybrid adjustable-rate mortgages were removed from the index.

**Bloomberg U.S. Treasury Index** measures the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

**FTSE® EPRA®/NAREIT® Developed Index** is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

**FTSE World Government Bond Index** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

**J.P. Morgan (JPM) Global Government Bond Index (GGBI)** tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

**Lipper Multi-Sector Income Funds Classification Average** is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/21,

there were 365 funds in this category. Lipper calculations do not include sales charges, but include reinvestment of any income or distributions. Fund performance relative to the average may have differed if these and other factors had been considered.

#### **Lipper VIP General U.S. Government Funds**

**Classification Average** is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the 12-month period ended 12/31/21, there were 24 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

**MSCI All Country Asia Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets in Asia.

**MSCI All Country World Index (ACWI)** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets.

**MSCI All Country World Index (ACWI)-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets.

**MSCI All Country World Index (ACWI) ex USA Index** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S.

**MSCI All Country World Index (ACWI) ex USA Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S.

**MSCI Emerging Markets (EM) Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global emerging markets.

**MSCI Europe Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets in Europe.

**MSCI USA High Dividend Yield Index** is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

**MSCI World ex USA Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets, excluding the U.S.

**MSCI World Growth Index-NR** measures large and midcap securities exhibiting overall growth style characteristics across 23 developed markets countries.

**MSCI World Index** is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets.

**MSCI World Value Index-NR** is a free float-adjusted, market capitalization-weighted index designed to measure the performance of stocks exhibiting overall value style characteristics in global developed markets.

**Russell 1000® Growth Index** is market capitalization weighted and measures the performance of those Russell 1000® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

**Russell 1000® Index** is market capitalization weighted and measures the performance of the approximately 1,000 largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

**Russell 1000® Value Index** is market capitalization weighted and measures the performance of those Russell 1000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

**Russell 2000® Index** is market capitalization weighted and measures the performance of the approximately 2,000 smallest companies in the Russell 3000® Index that represent a small amount of the total market capitalization of the Russell 3000® Index.

**Russell 2000® Value Index** is market capitalization weighted and measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

**Russell 2500™ Index** is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000 Index® that represent a modest amount of the Russell 3000® Index's total market capitalization.

**Russell 3000® Growth Index** is market capitalization weighted and measures the performance of those Russell 3000® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

**Russell 3000® Index** is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

**Russell Midcap® Growth Index** is market capitalization weighted and measures the performance of those Russell Midcap® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

**Russell Midcap® Index** is market capitalization weighted and measures the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent a modest amount of the Russell 1000® Index's total market capitalization.

**Standard & Poor's® 500 Index (S&P 500®)** is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.



## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton/Legg Mason fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	120	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	101	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and <b>formerly</b> , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
<b>Mary C. Choksi (1950)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	121	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Edith E. Holiday (1952)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since 2019	121	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

**Principal Occupation During at Least the Past 5 Years:**

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	121	Boeing Capital Corporation (aircraft financing) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Counselor and Special Advisor to the CEO and Board of Directors of the Coca-Cola Company (beverage company) (2021-present); and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	121	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Valerie M. Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since May 2021	101	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (January 2021-present); and <b>formerly</b> , WPX Energy, Inc. (exploration and production of oil and gas) (2018-January 2021).

**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016), various roles of increasing responsibility at Ernst & Young (1981-2005).

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	132	None

**Principal Occupation During at Least the Past 5 Years:**

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since 2013 and Trustee since 1988	121	None
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**Principal Occupation During at Least the Past 5 Years:**

Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**

Senior Associate General Counsel, Franklin Templeton; Vice President, FASA, LLC; Assistant Secretary, Franklin Distributors, LLC; and certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer - Finance and Administration	Since 2017	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).

<b>Susan Kerr (1949)</b> 620 Eighth Avenue New York, NY 10018	Vice President - AML Compliance	Since July 2021	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Christopher Kings (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2022	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer - Investment Management	Since 2018	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

President and Director, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

\*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason fund complex. These portfolios have a common investment manager or affiliated investment managers.

\*\*Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007-2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

## Shareholder Information

### Board Approval of Investment Management Agreements

#### FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

##### Franklin Allocation VIP Fund (Fund)

At a meeting held on September 8, 2021 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved a new investment sub-advisory agreement between Franklin Advisers, Inc. (Manager), the Fund’s investment manager, and each of Brandywine Global Investment Management, LLC, ClearBridge Investments, LLC, Western Asset Management Company, LLC, and Western Asset Management Company Limited (each a Sub-Adviser and collectively, the Sub-Advisers), on behalf of the Fund (each a Sub-Advisory Agreement) for an initial two-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve each Sub-Advisory Agreement.

The Board reviewed and considered information provided by the Manager and the Sub-Advisers at the Meeting with respect to each Sub-Advisory Agreement. The Board also reviewed and considered the factors it deemed relevant in approving each Sub-Advisory Agreement, including, but not limited to: (i) the nature, extent, and quality of the services to be provided by each Sub-Adviser; and (ii) the costs of the services to be provided by each Sub-Adviser. The Board further reviewed and considered information provided by management showing the expected impact of hiring each Sub-Adviser on the Manager’s profitability consistent with the Order (as defined below). The Board also considered that management proposed that the Board approve each Sub-Advisory Agreement in order to provide the Fund’s portfolio management team with access to additional investment strategies that could be accessed to attain desired exposures across asset allocation portfolios and to diversify holdings in the Fund. The Board reviewed and further considered the form of Sub-Advisory Agreement and the terms of each Sub-Advisory Agreement which were discussed at the Meeting, noting that the terms and conditions of each Sub-Advisory Agreement were

substantially similar to the terms and conditions of the Fund’s other sub-advisory agreements and substantially similar to the terms and conditions of sub-advisory agreements for other Franklin Templeton (FT) mutual funds.

In approving each Sub-Advisory Agreement, the Board, including a majority of the Independent Trustees, determined that the hiring of each Sub-Adviser is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Manager or Sub-Adviser derives an inappropriate advantage. The Board also determined that the terms of each Sub-Advisory Agreement are fair and reasonable and that the approval of such Sub-Advisory Agreement is in the best interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

#### **Nature, Extent and Quality of Services**

The Board reviewed and considered information regarding the nature, extent and quality of investment management services to be provided by each Sub-Adviser and currently being provided by the Manager and its affiliates to the Fund and its shareholders. In doing so, the Board noted that the Fund employs a “manager of managers” structure pursuant to an exemptive order (Order) granted to the Manager by the U.S. Securities and Exchange Commission, whereby the Manager and the Fund may, without shareholder approval, enter into sub-advisory agreements with sub-advisers that are indirect or direct wholly owned subsidiaries of Franklin Resources, Inc. (FRI). In particular, with respect to each Sub-Adviser, the Board took into account that each Sub-Advisory Agreement would not affect how the Fund is managed or the Fund’s investment goal, principal investment strategies or principal risks associated with an investment in the Fund. The Board reviewed and considered information regarding the nature, quality and extent of investment sub-advisory services to be provided by each Sub-Adviser to the Fund and its shareholders under each Sub-Advisory Agreement; each Sub-Adviser’s experience as manager of other funds and accounts, including those within the FT organization; the personnel, operations, financial condition, and investment management capabilities, methodologies and resources of each Sub-Adviser and each Sub-Adviser’s capabilities, as demonstrated by, among other things, its policies and procedures reasonably designed to prevent violations of the federal securities laws.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of FRI, the parent of the Manager and each Sub-Adviser, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to enhancing services and controlling costs, as reflected in its outsourcing of certain administrative functions, and growth opportunities, as evidenced by its acquisition of the Legg Mason companies. The Board also noted FT's attention focused on expanding the distribution opportunities for all funds in the FT family of funds.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services to be provided by each Sub-Adviser and its affiliates to the Fund and its shareholders.

#### **Fund Performance**

The Board noted its review and consideration of the performance results of the Fund in connection with the April 2021 annual contract renewal (Annual Contract Renewal) of the Fund's investment management agreement. The Board recalled its conclusion at that time that the Fund's performance was satisfactory.

#### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding the investment sub-advisory fee to be charged by each Sub-Adviser. The Board noted that the addition of each Sub-Adviser will have no impact on the amount of management fees that are currently paid by the Fund as each Sub-Adviser will be paid by the Manager out of the management fee that the Manager receives from the Fund. The Board further noted that the allocation of the fee between the Manager and each Sub-Adviser reflected the services to be provided by each. The Board concluded that each proposed investment sub-advisory fee is reasonable.

#### **Management Profitability and Economies of Scale**

The Board noted that it reviewed and considered information showing the expected impact of retaining each Sub-Adviser on the profitability of the Manager consistent with the conditions of the Order. The Board determined that its conclusions regarding profitability and economies of scale reached in connection with the Annual Contract Renewal of the investment management agreement with the Manager had not changed as a result of the proposal to approve each Sub-Advisory Agreement.

#### **Conclusion**

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved each Sub-Advisory Agreement for an initial two-year period.

#### **Proxy Voting Policies and Procedures**

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

#### **Quarterly Statement of Investments**

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## Variable Portfolio Funds

70100 Ameriprise Financial Center  
Minneapolis, MN 55474

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



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### Annual Report Franklin Templeton Variable Insurance Products Trust

#### Investment Managers

Franklin Advisers, Inc.  
Franklin Mutual Advisers,  
LLC  
Franklin Templeton  
Institutional, LLC  
Templeton Asset  
Management Ltd.  
Templeton Global Advisors  
Limited  
Templeton Investment  
Counsel, LLC

#### Fund Administrator

Franklin Templeton Services, LLC

#### Distributor

Franklin Distributors,  
LLC